AMENDMENT DATE: April 2, 2008   **BILL NUMBER:** AB 3033
POSITION: Neutral   **AUTHOR:**   J. Laird

BILL SUMMARY: Standardize UC Research Contracts

This bill would request the Regents of the University of California (UC) and require the Department of General Services (DGS) to establish standard contract provisions for research UC undertakes with other state agencies. Specifically, the bill would include contract provisions related to liability, intellectual property, the right to undertake additional research and to publish, personnel-related issues, invoicing, and payments. It would specify that UC or DGS may determine on a case-by-case basis whether the standard provisions so adopted are inappropriate for a specific contract, and would authorize the DGS to use the services of any state agency to implement the bill.

FISCAL SUMMARY

According to UC, this bill could provide almost $1.8 million in annual savings to UC, resulting from reduced administrative costs to negotiate research contracts with other state agencies. Because the bill would become effective January 1, 2009, UC would realize savings of about $900,000 in 2008-09. UC negotiated 1,266 new research contracts and amendments with 102 state agencies and programs in 2006-07, and would expect to realize savings of about $1,400 per contract as a result of this bill. (UC noted that some of these research agreements included grants and contracts for training and service. To the extent that some of these agreements might not be applicable to the standardized contract language, UC's cost savings might be lower.) UC added that the bill also would reduce the administrative costs of the numerous state agencies that it negotiates research contracts with.

Both UC and DGS have indicated that the one-time administrative costs to implement this bill would likely be minor and absorbable.

COMMENTS

The Department of Finance (Finance) is neutral on this bill because it would likely increase efficiencies and potentially reduce contract processing costs for UC, DGS, and many other state agencies contracting with UC to conduct specific research.

According to UC, many of its state research contracts have similar provisions dealing with legal issues such as intellectual property and liability concerns, yet attorneys from both agencies must negotiate each contract individually. In contrast, UC has collaborated with the federal government to standardize many of the terms for research contracts between these two public entities, and UC claims that almost all federal grants and contracts are accepted by UC campuses without delays to negotiate the terms.

DGS has noted that: (1) it does not have expertise on state agencies' research needs or research contract objectives, and that it would need substantial input from state agencies who have research contracts with UC; (2) that establishing a single set of contract terms that fits the diverse research needs of all state agencies could be challenging; and (3) it has been developing model language for contract terms between federal laboratories and state agencies per SB 1629 (Chapter 256, Statutes of 2006), and that these efforts have proven lengthy. Nonetheless, Finance believes that DGS is the most appropriate entity to coordinate

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Governor's Office:	By:	Date:	Position Approved_____
			Position Disapproved_____

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development of standard contract provisions for research contracts given their role in contract oversight for all state agencies.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Fund Code
				(Fiscal Impact by Fiscal Year) (Dollars in Thousands)					
6440/UC	SO	No		--	M	-$900	M	-$1,800	0001
1760/Dept Gen Svc	SO	No		------------------ No/Minor Fiscal Impact ------------------					0001